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DISPATCH NO. OIRA-5678

BOFINESSE

NOV 18 1954

SPECIFIC— Karl HASS and Relationships with
Ministry of Interior

2. It appears from the timing of the first Military Attache report of 10 August 1954 that this report was probably received by the Military Attache either at the end of July or at the beginning of August. Consequently, it clearly developed from a contact by the M.A. with [] which occurred following the middle of July, by which time [] was already returned from school to his post and had entered into full control of the relationship with [] It should also be noted that the M.A. report in question (8-24-54) indicates a much stronger attack on the part of the Ministry of Interior against American intelligence services than has been indicated in any separate report which has emerged directly through []'s channel. (Note the more moderate tone in paragraph 31 of Attachment A.) The M.A. report also is dated following the occurrences described in KAPOK-3588. Consequently, despite []'s protestations that he turned [] to the M.A. because [] was not properly exploited by []'s case officer in charge, [] is strongly of the opinion that the emergence of this report in the M.A. channel represented a planted effort by [] to counter the [] attack against him which had been reported in KAPOK-3588. However, subsequent to the emergence of the M.A. report which was dated 10 August 1954, []'s office apparently sent a derogatory report on [] to [] Headquarters which was in turn officially transmitted to [] under the date of 21 August 1954. In reply to

47 Thinking
followed
this line
also.

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MAR 1949

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EXEMPTIONS Section 3(b)
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this report [] prepared the following reports:

- a. A summary of the activity of Karl HASS, alias Rodolfo GIUSTINI, see Attachment A to this report; and
 - b. An illustrative report on the activity of Harald EMBKE, German, HASS's partner in all types of activity, see Attachment B to this report.
3. On the basis of information in []'s possession, he summarized the activity of the two Germans as follows:
- a. Karl HASS, informer of []'s office; informer of the CIC with headquarters in Austria; liaison between CIC and []'s office; recommended by [] (and hired) for a position as collaborator in SIFAR under the name of Rodolfo GIUSTINI; liaison between SIFAR and the German Service headed by Friedrich Wilhelm HEINZ for the exchange of intelligence material (an agreement which []'s office had supported behind the scenes, through the Chief of the German police who was visiting Rome for the purpose of giving some weight to HASS who has always been considered suspect by []'s service); a person ready to serve any country for his own profit (in fact he tried to work for the Israeli, Egyptian and even the Soviet services). The only Italian organization which has always trusted him and has always supported HASS is []'s service. For these reasons, []'s service has always refused offers of collaboration or even contacts by HASS, but was forced at the same time to engage in very careful observation of his activity to avoid any friction.
 - b. Harald EMBKE, former as well as recent collaborator of HASS. Only on rare occasions and for very brief periods has EMBKE been in less cordial or less close ties with HASS. In 1950 []'s service attempted to recruit him but EMBKE revealed qualities and intentions which were absolutely in contrast with his assignment to engage in observation operations in German circles in Rome. Therefore, all idea of using him was abandoned, particularly since his contacts with []'s service were revealed to HASS when the

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latter visited Rome (at that time HASS lived in Austria, but was domiciled in Rome).

4. EMBKE is now in contact with []'s service and has become the center of the old HASS-operation. HASS, meanwhile, has become at least a potentially dangerous person in the view of []'s office. In addition, his relations with the Otto JOHN milieu must have accelerated the liquidation process of HASS' operations undertaken by []'s office. However, the step taken by [] can also be considered under another light: attempts were in fact made to place the responsibility on [] for the activity engaged in by HASS in offering himself to the Soviet service, and the liquidation of HASS, as far as []'s office is concerned, will be achieved through EMBKE, the only person who is loyal to him and who will inherit his functions, but will also preserve for him his position.

5. The above report by [] was prepared prior to the arrest of HASS and EMBKE and concluded with an indication that [] was most pleased that it appeared that []'s service was prepared to wash its hands of HASS. This thinking is important for interpreting the speed with which [] subsequently latched onto the episode produced by the delation of Edipo PASQUALI, a regular [] informant, which enabled [] to arrange the arrest of EMBKE and the subsequent rolling up of the EMBKE-HASS relationship with the hope of having them both expelled from the country.

6. Meanwhile, a separate report will be prepared on the details of the arrest, but a careful reading of Attachments A and B to this report will show that a number of most important considerations emerged. First of all, with regard to the letter sent by [] headquarters to which led to the preparation of these attachments: although a copy of this letter is not available, it may be concluded from internal evidence that:

- a. This effort to blacken [] originated with []'s service. The question comes to mind: did [] learn of []'s previous report to the M.A. (S-24-54)?
- b. The denunciation of [] apparently was a swift reaction to knowledge either (1) that HASS had approached the Soviet Embassy, or (2) that this approach had been blown to [] - more likely the latter since EMBKE was in contact with [] and knew of the Soviet approach.
- c. The letter in part resulted from the Otto JOHN case and possible considerable embarrassment felt by [] in being related to HASS under these

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circumstances.

- d. The letter concerned contains specific charges involving activities of [] which entail a detailed knowledge of HASS' actual activities and these would presumably only be known to EMPKE.

7. Upon receiving this report [] obviously acted with considerable speed, evidently to insure the protection of []. Actually, it cannot be proved that it was on the basis of the [] report that [] was sent to the U. S. Military Attache to provide the detailed report on HASS' activities as contained in S-30-54, dated 23 August 1954, especially in view of the fact that there was only a matter of two days following the receipt of the attack on [] and the date of the report by the M.A.'s office. It seems safe to presume, however, that [] knew verbally of the contents of this denunciation before it was ever prepared in written form by [] Headquarters and this may account for the timing sequence under these circumstances.

8. Regardless of whether or not this interpretation is accurate, it is pointed out that when the problem was subsequently discussed with [] he did not state specifically that he had endeavored to reinsure his agent by having him establish a going relationship with the M.A. on the HASS matter, yet he indirectly indicated that he had in fact seen in []'s relationship with the M.A. a means of protecting [] from liquidation as a result of the attacks by []'s office. Whereupon [] launched into a detailed explanation of just how valuable an asset [] is. The hypothesis suggested above is therefore logical and indicates the considerable capacity of [] for maneuvering in a tight operational spot.

9. Although the relationship between HASS and [] could readily be interpreted in the light of the known background of CIC- [] ties and ideological sharing of beliefs between [] and HASS, there are a number of peculiar elements which have emerged in the course of the operation and in the subsequent arrest which deserve detailed explanation. These peculiarities indicate that at some point in the operation the British Intelligence Service may have entered the picture and even taken a position of superior control. These peculiar elements are as follows:

- a. The allegedly unconcluded HASS-British contact (see paragraph 29a of Attachment A);

b. HASS' contacts with TRANSGLOBO and the various personalities involved, and the sequence in which these relationships came about. In his interrogation following his arrest, HASS stated that he had met the Baroness Elizabetta Eugenie CARBONELLI (nee KOKE, also given as KOCH) in 1946 when she was imprisoned, as was

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HASS, at Forte Boccea. In April 1954 he happened to meet her in the studio of Avv. Giacomo DEL PAPA and when she learned of HASS' financial difficulties in their subsequent conversation, she bailed him out by taking over HASS' firm into TRANSGLOBO. In the interrogation HASS also stated that he met a certain Mrs. GIUTZI GUIDI (of Hungarian origin who is wife of Ing. Guido GUIDI of Via A. Boni and Corso Rinascimento 64) in the office of TRANSGLOBO. The mother of GIUTZI lives in London and administers the property of her late husband. This situation bears a marked parallel with the connection of Ing. BRUNO of the British I.S. with Hungarian and TRANSGLOBO mentioned in PIR-8461, paragraph 43. Yet, in his interrogation HASS also stated he was introduced to GIUTZI by Angela BRINCHI GIUSTI (a contact of HASS since 1943). The question arises: was HASS in fact contacting the Soviets under British knowledge or even control? (N.B. The M.A. report gives Ing. BRUNO as an alias for CAMPUS. From context this must be an inadvertent error.)

- c. Since the 'blowing' of HASS' Soviet approach seems implicit as basic to the [] denunciation of [] the question is, "how did this 'blowing' come about?" i.e., was it through EMBKE or was it through the British? In this connection a most interesting document is that furnished in Attachment C from [] which shows that an effort was made, either personally by EDER or by EDER under instructions from a superior control, to emphasize to HASS that he should not trust his "Italian friends." (Plural was used although only ROSSI is mentioned.) This appears to be a most decisive pointer towards [] but possibly [] was not specified in order not to 'blow' a whole series of control factors which such a 'blowing' necessarily would indicate.
- d. Throughout the entire operation there has been a peculiar continuance of support given to HASS despite difficulties which would normally have made him a source of embarrassment to any official organization - in this case, especially to [] Does this mean, for example, that [] is basing his support upon a continued support of himself in turn by the British? Since [] is not known to be a man of outstanding

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personal courage, such a factor should be given considerable thought. In the line of support it should also be noted that although HASS has been suffering what appear to be virtually unsolvable financial difficulties, he sails through the entire affair with a degree of buoyance which seems virtually incredible. In this connection note the emergence of the TRANSGLOBO rescue operation at a late date (April 1954). In spite of his obvious embarrassment, [] appears still to be protecting HASS even after an expulsion order has been issued to HASS.

- e. In the interrogations subsequent to HASS and EMBKE's arrest, it should be noted that throughout the interrogations, []'s association with HASS has only been blown by EMBKE. On the other hand, HASS has been most emphatic in declaring []'s innocence and, in fact, it might be noted that HASS has avoided incriminating anyone throughout his entire interrogation - a point of courage and character which has impressed [] deeply.
- f. Ever since the defection of Otto JOHN, HASS has shown an unusual personal preoccupation with his own involvement in the JOHN case although nothing has emerged to show that he was in any way directly involved. This preoccupation has also emerged in his subsequent interrogation following his arrest. The question immediately rises to mind: does, for example, JOHN, through his British association, know of a longer-range HASS relationship with the British?

10. Naturally, too much weight should not be given to the suspicion of British involvement unless a careful examination of the facts available leads conclusively to this conclusion. British involvement would be a point of high but incidental interest, rather than a point of crucial concern in this operation.

Prepared by []
9 November 1954
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